

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2004**

	July-04				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Month	Net ROR	FYTD	FY04	Ended	Ended
		Actual	Policy		Net	Net	6/30/2004	6/30/2004
							Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>								
<i>Structured Growth</i>								
Los Angeles Capital	81,244	2.2%	2.3%	-5.03%	-5.03%	N/A	N/A	N/A
<b>Total Structured Growth</b>	<b>81,244</b>	<b>2.2%</b>	<b>2.3%</b>	<b>-5.03%</b>	<b>-5.03%</b>	<b>17.58%</b>	<b>-6.28%</b>	<b>-7.85%</b>
<i>Russell 1000 Growth</i>				-5.65%	-5.65%	17.88%	-3.74%	-6.48%
<i>Structured Value</i>								
<b>LSV</b>	<b>85,531</b>	<b>2.3%</b>	<b>2.3%</b>	<b>-1.21%</b>	<b>-1.21%</b>	<b>30.56%</b>	<b>9.33%</b>	<b>8.36%</b>
<i>Russell 1000 Value</i>				-1.41%	-1.41%	21.13%	2.96%	1.87%
<i>Russell 1000 Enhanced Index</i>								
<b>LA Capital</b>	<b>171,374</b>	<b>4.6%</b>	<b>4.5%</b>	<b>-3.56%</b>	<b>-3.56%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 1000</i>				-3.51%	-3.51%	N/A	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>								
<b>Westridge</b>	<b>167,195</b>	<b>4.5%</b>	<b>4.5%</b>	<b>-3.30%</b>	<b>-3.30%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>S&amp;P 500</i>				-3.31%	-3.31%	N/A	N/A	N/A
<i>Index</i>								
State Street	50,340			-3.32%	-3.32%	19.01%	-0.75%	-2.28%
<b>Total Index</b>	<b>50,340</b>	<b>1.3%</b>	<b>1.5%</b>	<b>-3.32%</b>	<b>-3.32%</b>	<b>19.01%</b>	<b>-0.75%</b>	<b>-2.28%</b>
<i>S&amp;P 500</i>				-3.31%	-3.31%	19.11%	-0.70%	-2.21%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>555,685</b>	<b>14.9%</b>	<b>15.0%</b>	<b>-3.33%</b>	<b>-3.33%</b>	<b>21.46%</b>	<b>0.15%</b>	<b>-1.39%</b>
<i>S&amp;P 500</i>				-3.31%	-3.31%	19.11%	-0.70%	-2.21%
<b>SMALL CAP DOMESTIC EQUITY</b>								
<i>Manager-of-Managers</i>								
<b>SEI</b>	<b>179,498</b>	<b>4.8%</b>	<b>5.0%</b>	<b>-7.28%</b>	<b>-7.28%</b>	<b>32.99%</b>	<b>5.51%</b>	<b>N/A</b>
<i>Russell 2000 + 200bp</i>				-6.57%	-6.57%	35.99%	7.90%	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>179,498</b>	<b>4.8%</b>	<b>5.0%</b>	<b>-7.28%</b>	<b>-7.28%</b>	<b>32.99%</b>	<b>5.54%</b>	<b>7.29%</b>
<i>Russell 2000</i>				-6.73%	-6.73%	33.36%	6.24%	6.63%
<b>CONVERTIBLES</b>								
<b>TCW</b>	<b>364,089</b>	<b>9.8%</b>	<b>10.0%</b>	<b>-5.05%</b>	<b>-5.05%</b>	<b>17.50%</b>	<b>1.03%</b>	<b>3.90%</b>
<i>First Boston Convertible Index</i>				-2.18%	-2.18%	14.16%	4.89%	5.75%
<b>INTERNATIONAL EQUITY</b>								
<i>Large Cap - Active</i>								
<b>Capital Guardian</b>	<b>288,619</b>	<b>7.7%</b>	<b>8.0%</b>	<b>-3.48%</b>	<b>-3.48%</b>	<b>25.36%</b>	<b>-0.39%</b>	<b>0.54%</b>
<i>MSCI EAFE - 50% Hedged</i>				-2.80%	-2.80%	26.98%	-1.27%	-2.14%
<i>Small Cap - Value</i>								
<b>Lazard</b>	<b>40,190</b>	<b>1.1%</b>	<b>1.0%</b>	<b>-3.00%</b>	<b>-3.00%</b>	<b>43.30%</b>	<b>N/A</b>	<b>N/A</b>
<i>Citigroup Broad Market Index &lt; \$2BN</i>				-4.20%	-4.20%	47.95%	N/A	N/A
<i>Small Cap - Growth</i>								
<b>Vanguard</b>	<b>38,209</b>	<b>1.0%</b>	<b>1.0%</b>	<b>-7.69%</b>	<b>-7.69%</b>	<b>44.68%</b>	<b>N/A</b>	<b>N/A</b>
<i>SSB BROAD MARKET INDEX &lt; \$2BN</i>				-4.20%	-4.20%	47.95%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>367,017</b>	<b>9.8%</b>	<b>10.0%</b>	<b>-3.86%</b>	<b>-3.86%</b>	<b>29.16%</b>	<b>1.02%</b>	<b>1.39%</b>
<i>MSCI EAFE - 50% Hedged</i>				-2.80%	-2.80%	26.98%	-1.27%	-2.14%
<b>DOMESTIC FIXED INCOME</b>								
<i>Core Bond</i>								
<b>Western Asset</b>	<b>666,021</b>	<b>17.9%</b>	<b>16.7%</b>	<b>1.24%</b>	<b>1.24%</b>	<b>2.42%</b>	<b>7.77%</b>	<b>8.10%</b>
<i>Lehman Aggregate</i>				0.99%	0.99%	0.32%	6.35%	6.95%
<i>Index</i>								
<b>Bank of ND</b>	<b>859,727</b>	<b>23.1%</b>	<b>25.0%</b>	<b>0.77%</b>	<b>0.77%</b>	<b>0.07%</b>	<b>7.10%</b>	<b>7.25%</b>
<i>Lehman Intermediate Gov/Credit (1)</i>				0.84%	0.84%	-0.05%	6.97%	7.25%
<i>BBB Average Quality</i>								
<b>Strong</b>	<b>370,115</b>	<b>9.9%</b>	<b>8.3%</b>	<b>1.37%</b>	<b>1.37%</b>	<b>1.18%</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman US Credit BAA</i>				1.40%	1.40%	1.96%	N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,895,863</b>	<b>50.8%</b>	<b>50.0%</b>	<b>1.05%</b>	<b>1.05%</b>	<b>0.79%</b>	<b>7.00%</b>	<b>7.45%</b>
<i>Lehman Gov/Credit</i>				1.06%	1.06%	-0.72%	6.73%	7.10%
<b>CASH EQUIVALENTS</b>								
<b>Bank of ND</b>	<b>367,408</b>	<b>9.9%</b>	<b>10.0%</b>	<b>0.13%</b>	<b>0.13%</b>	<b>1.20%</b>	<b>1.72%</b>	<b>3.39%</b>
<i>90 Day T-Bill</i>				0.12%	0.12%	0.98%	1.71%	3.30%
<b>TOTAL BONDING FUND</b>	<b>3,729,560</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.19%</b>	<b>-1.19%</b>	<b>9.88%</b>	<b>4.70%</b>	<b>5.16%</b>
<b>POLICY TARGET BENCHMARK</b>				<b>-0.79%</b>	<b>-0.79%</b>	<b>8.00%</b>	<b>4.60%</b>	<b>4.72%</b>

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Prior to April 1, 2004, the benchmark was the LB Govt/Credit index.